

...Legislative Update

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SB 530 (Johnson) Requires the Secretary of State to establish the Internet Directory of Lobbyists within sixty days after the start of each legislative session.

SB 604 (Perata) Defines "cumulative contributions," for the purposes of 84503, to be those contributions received beginning 12 months prior to the date the committee made its first expenditure to qualify, support, or oppose the measure and ending within seven days of the time the advertisement is sent to the printer or broadcast station. This bill also modernizes the language of the Political Reform Act relating to the filing of various 24-hour reports by deleting a reference to filing by telegram, and adds methods for filing, including facsimile transmission and guaranteed overnight delivery.

SB 641 (Brulte) Requires the disclosure of the candidate, committee or slate mail organization paying for a telephone call in support of or opposition to a candidate or ballot measure in the course of the telephone call. Also amends the definition of "mass mailing" to include any item delivered, by any means, to the recipient at his or her residence, place of employment or business, or post office box. Excludes form letters and other responses to unsolicited requests for information.

SB 1072 (Burton) Adds to the Political Reform Act's definition of a "late contribution" contributions made to or received by a political party committee after the closing date of the last campaign statement required to be filed before an election.

Major Education, Enforcement and Regulatory Actions Highlighted 2002

The FPPC's Enforcement Division opened 1,097 case files in 2002, far surpassing the 770 opened in 2001 or the 858 opened in 2000, the year of the previous statewide general election.

In 2002, the FPPC's Technical Assistance Division staff members handled 55,500 telephone calls seeking advice, guidance and other assistance.

The Commission's Legal Division continued to implement the many provisions of voter-approved Proposition 34 while devoting substantial time to other regulatory, advice and litigation duties.

And the FPPC commissioners themselves, who, with the exception of the chair, serve part-time and receive a modest stipend, devoted extensive hours to preparing for monthly meetings, carefully weighing public testimony, and acting on hundreds of agenda items.

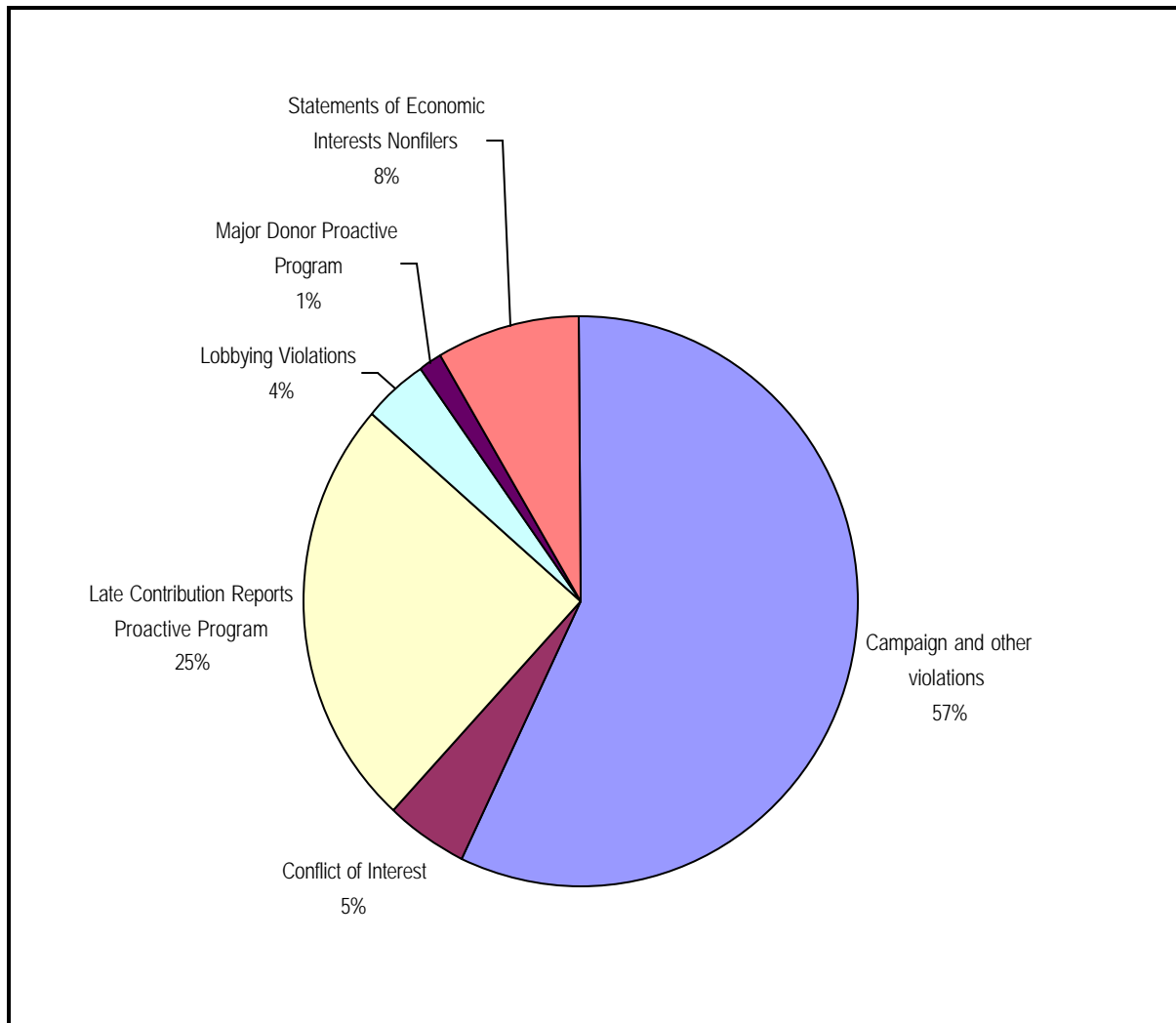
As these facts confirm, the FPPC, one of the smaller state agencies, had an extremely busy 2002.

To help make the most efficient use of limited

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Dixie Howard, a FPPC filing officer programs manager, leads a well-attended seminar for statement of economic interests filing officers. Howard was assisted by Emily Bowden, a FPPC staff services analyst.



ADMINISTRATIVE AND CIVIL SETTLEMENTS - 2002

<i>TYPES OF VIOLATIONS:</i>	<i>Fines</i>	<i>No. of Cases</i>	<i>Case %</i>	<i>Fine %</i>
Campaign and other violations	\$640,600	37	25%	57%
Conflict of Interest	\$54,000	7	5%	5%
Late Contribution Reports Proactive Program	\$278,386	72	49%	25%
Lobbying Violations	\$43,450	6	5%	4%
Major Donor Proactive Program	\$15,800	5	3%	1%
Statements of Economic Interests Nonfilers	\$94,600	20	14%	8%
<i>Total</i>	<i>\$1,126,836</i>	<i>147</i>	<i>100%</i>	<i>100%</i>

Enforcement Actions Summary of Fines Assessed and Imposed 1975 through 2002

Year	Administrative Actions				Civil Judgments	
	Cases	Fines Assessed	Fines Waived	Fines Imposed	Cases	Fines Assessed
1975	0	\$0	\$0	\$0	0	\$0
1976	11	\$1,400	\$500	\$900	0	\$0
1977	1	\$4,000	\$0	\$4,000	0	\$0
1978	1	\$4,500	\$0	\$4,500	2	\$25,250
1979	8	\$6,820	\$0	\$6,820	2	\$6,500
1980	18	\$79,600	\$35,950	\$43,650	1	\$1,000
1981	5	\$14,600	\$3,000	\$11,600	2	\$5,000
1982	10	\$57,500	\$10,750	\$46,750	0	\$0
1983	5	\$71,100	\$12,500	\$58,600	1	\$1,250
1984	15	\$72,200	\$4,000	\$68,200	0	\$0
1985	7	\$24,750	\$5,000	\$19,750	1	\$9,000
1986	12	\$37,400	\$1,250	\$36,150	0	\$0
1987	22	\$97,900	\$6,000	\$91,900	0	\$0
1988	34	\$154,600	\$10,500	\$144,100	3	\$367,500
1989	35	\$182,250	\$0	\$182,250	0	\$0
1990	36	\$219,000	\$0	\$219,000	0	\$0
1991	39	\$463,550	\$0	\$463,550	3	\$235,000
1992	44	\$276,450	\$0	\$276,450	3	\$415,000
1993	36	\$833,050	\$0	\$833,050	1	\$772,000
1994	30	\$656,800	\$0	\$656,800	1	\$85,000
1995	51	\$1,698,050	\$0	\$1,698,050	0	\$0
1996	56	\$1,026,221	\$0	\$1,026,221	0	\$0
1997	54	\$912,650	\$0	\$912,650	2	\$47,000
1998	96	\$1,190,710	\$0	\$1,190,710	7	\$95,490
1999	63	\$968,500	\$0	\$968,500	5	\$309,900
2000	174	\$554,037	\$0	\$554,037	1	\$9,100
2001	158	\$595,000	\$0	\$595,000	2	\$83,000
2002	143	\$1,007,836	\$0	\$1,007,836	4	\$119,000
TOTALS	1,164	\$11,210,474	\$89,450	\$11,121,024	41	\$2,585,990

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FPPC staff and budget resources, there will be no separate FPPC annual report published for 2002.

But this *FPPC Bulletin* article is intended to outline, in abbreviated form, a few of the major highlights of the Commission's work during the year.

Enforcing the law

In all of its enforcement programs, the Enforcement Division opened 1,097 enforcement case files during 2002. The division completed prosecution of 147 administrative and civil cases. The Commission assessed \$1,126,836 in administrative and civil fines (see the charts on the previous two pages for more details). When remitted, the fines are deposited in the state's general fund.

The Enforcement Division continued its innovative, streamlined enforcement programs that expedite prosecution and disclosure while stressing preventative outreach efforts and education. Division managers and staff also focused on increasing division efficiency to deal with the sharply increased number of case files.

Unfortunately, a relatively small but increased number of complaints filed with the FPPC in 2002 appeared to be frivolous in nature or possibly filed strictly for publicity purposes, prompting the FPPC to caution that such complaints are not in the public interest and divert limited agency resources from legitimate cases and investigations.

Informing the public and regulated officials

Much of the FPPC's work in 2002 centered on educating the public and the many thousands of Californians with obligations under the Political Reform Act. A major goal was to provide candidates, public officials and others with needed information about rules and disclosure requirements, thus increasing compliance and preventing any legal problems down the road. FPPC commissioners, all divisions and the FPPC Public Education Unit and press office actively participated in this effort.

The FPPC's popular toll-free advice line, **1-866-ASK-FPPC**, saw its second full year of operation. On all lines, Technical Assistance Division staff members received 55,500 calls. October alone brought 7,007 calls, a monthly record. Technical Assistance Division staff members report that throughout the year, Monday was the busiest day of the week on the FPPC's many telephone lines.

Callers typically asked how to comply with the Political Reform Act's rules governing campaign contributions and expenditures, how to avoid conflicts of interest, or how to comply with lobbying disclosure requirements.

The FPPC's Legal Division, meanwhile, wrote 356 letters of advice to those with obligations or duties under the political reform act. The Technical Assistance Division and Legal Division worked closely together and conducted frequent internal meetings on the more complicated advice issues of the year.

FPPC staff members and the agency's chairman and commissioners hosted or participated in a broad variety of educational seminars, outreach visits, conferences and meetings. To the extent resources permitted, in-person outreach training and seminars were offered to candidates, campaign treasurers, filing officers and others at many locations across the state.

A sampling includes:

— Technical Assistance Division staff members gave a total of 86 campaign and statement of economic interests outreach presentations for city, county, state and multi-county agency filing officers.

— A total of 18 seminars were offered for candidates and treasurers in cities across the state, including Huntington Beach, Berkeley, Irvine, Santa Cruz, Santa Clara, Lathrop, El Cajon, Windsor, Upland, Walnut Creek, Alhambra, San Luis Obispo, West Sacramento, Thousand Oaks, Santa Monica, Lancaster, Whittier, and Riverside. Approximately 844 persons attended these seminars.

— Agency staff from all divisions, and the FPPC chairman and commissioners, worked closely with a variety of other organizations and appeared at numerous workshops and conferences within the state.

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Examples included appearances before district attorneys, city and county associations, and transportation agencies. A major highlight was an annual meeting of California ethics agencies organized by the FPPC and hosted by the Oakland Public Ethics Commission on April 29, 2002.

In other projects, the Commission began a toll-free telephone broadcast program for those wishing to listen to the Commission's monthly meetings.

The FPPC's Public Education Unit, with assistance from other staff, produced a handy booklet detailing how public officials and others may obtain advice from the FPPC. Thousands of copies of the booklet have been distributed or downloaded from the FPPC web site.

The FPPC's media director, with assistance from other staff members, responded to thousands of calls from media representatives. The media director produced a steady stream of press advisories and releases, arranged for FPPC visits to newspaper editorial boards, and helped many reporters conduct in-person or telephone interviews with commissioners and key FPPC staff.

Interpreting the law

The Commission and its Legal Division in 2002 continued major initiatives to further improve and simplify the Commission's regulations. The Legal Division also devoted substantial resources to the continued implementation of voter-approved Proposition 34.

The Commission issued one formal opinion, *In re Hanko*, 16 FPPC Ops 1, O-02-088, holding that payments to a hospital district director from her employer will be attributed to a purchaser of her employer's products where the public official: 1) has been employed to purposefully direct sales or marketing activity toward the purchaser; 2) there is direct contact between the public official and the purchaser intended by the public official to generate sales or business; and 3) there is a direct relationship between the purchasing activity of the purchaser and the amount of the incentive compensation received by the public official.



FPPC staff members and the FPPC chairman participated in the 2002 annual meeting of California ethics agencies. The meeting, organized by the FPPC and hosted by the Oakland Public Ethics Commission, allowed the agencies to discuss shared responsibilities and other issues.

Where these requirements are met, both the purchaser and the employer are considered sources of income to the official for purposes of Government Code sections 87100 and 87103.

Throughout 2002, the Legal Division continued its work to implement Proposition 34, the campaign reform initiative passed by voters in November of 2000. The division held two interested persons meetings and adopted or amended 21 regulations relating to Proposition 34.

The Legal Division, in cooperation with the Technical Assistance Division and the Enforcement Division, also worked on continuing FPPC programs to simplify and improve existing regulations. Five additional interested persons meetings were held on subjects ranging from conflict of interest codes to the "public generally" rule. In addition to Proposition 34-related regulations, the Commission adopted or amended 31 regulations in 2002.

Major court cases

The Commission was involved in numerous court cases in 2002.

For example, one major new case included *Levine et al. v. FPPC*. On January 22, 2002, four publishers of "slate mail" filed suit in Federal Dis-

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strict Court alleging that the Act's slate mail identification and disclosure requirements (§§ 84305.5 and 84305.6) violate their constitutional rights. The first of these statutes contains identification and disclaimer provisions in effect prior to enactment of Proposition 208, while § 84305.6 was introduced by Proposition 34.

On September 25, 2002, a federal court entered a preliminary injunction barring FPPC enforcement of the challenged statutes against three of the four plaintiffs. Further pre-trial proceedings, including the establishment of a trial date, are pending.

Filing duties

In 2002, FPPC staff members received, reviewed, logged and filed 22,535 statements of economic interests from public officials across California. Employees and officeholders of virtually all state and local agencies, as well as candidates for public office, use the FPPC *Form 700* to file these personal financial statements. FPPC staff also provided copies of statements, which are public records, to the public upon request.

Many statements of economic interests are not filed directly with the FPPC, but instead go to local or agency filing officers or other officials. However, the FPPC did extensive work in 2002 to help state and local government agencies adopt, review and update their individual conflict of interest codes.

Expanded web site

The FPPC continued to expand and improve its web site in 2002. New features were added to the

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The FPPC: Who we are

The Fair Political Practices Commission was created by the Political Reform Act of 1974, a ballot initiative passed by California voters as Proposition 9.

The Commission is a bipartisan, independent body of five members that administers and enforces the Political Reform Act's rules on conflicts of interest, campaign contributions and expenditures and lobbying disclosure.

The Commission educates the public and public officials on the requirements of the Act. It provides written and oral advice to public agencies and officials; conducts seminars and training sessions; develops forms, manuals, instructions and educational materials; and receives and files economic interests statements from many state and local officials.

The Commission investigates alleged violations of the Political Reform Act, imposes penalties when appropriate and assists state and local agencies in developing and enforcing conflict-of-interest codes.

The Governor appoints two commissioners, including the chairman. The Secretary of State, the Attorney General and the State Controller each appoint one commissioner. Commissioners serve a single, four-year term, and no more than three members can be registered with the same political party. The chairman is salaried and serves full-time, and the other four members serve part-time.

The Commission generally meets once each month to hear public testimony, issue opinions, adopt regulations, order penalties for violations of the Act and take other action.

Supporting the Commission is a staff of 72 employees. The Commission has four main divisions — Enforcement, Technical Assistance, Legal and Administration, as well as a small executive staff and a Public Education Unit.

The Commission is headquartered at 428 J Street in downtown Sacramento. The public reception area is in Suite 620.

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site, including a directory of Commission formal opinions, an updated and revised slide show on conflict of interest rules, and an updated chart describing key requirements of Proposition 34. Candidate filing schedules, advice summaries, seminar schedules, electronic forms, and many other useful tools are on the web site.

To make the most efficient use of staff and budget resources, the agency began converting many of its publications, including the *FPPC Bulletin*, to be primarily web-based and e-mail-based publications.

A large e-mail mailing list was established for the *Bulletin*, and the Commission began developing an automated system for e-mail subscriptions to the *Bulletin*, the Commission meeting agenda, and other materials. Work on this e-mail subscription system is continuing in 2003.

Special Spring Workshop

FPPC staff experts hosted a unique and well-attended April 16, 2002, workshop to help media members, public interest group representatives and others more easily use the state's huge repositories of campaign, lobbying and economic interest disclosure data.

The workshop, at the FPPC in Sacramento, provided information on where campaign, lobbying and economic disclosure information is located, how to get it, and what the myriad disclosures on the forms and electronic filings actually mean.

The FPPC workshop featured multi-media presentations and included discussion of information found in campaign reports, including those filed by candidates, contributors and ballot measure campaigns. The FPPC staff experts also discussed lobbying disclosure reports and statements of economic interests filed by tens of thousands of state and local public officials. Information was provided on downloading information into spreadsheets, searching for individual candidates and committees, and many other areas.

At the end of the workshop, participants were invited to receive individual "hands-on" computer training.

Administration

The FPPC's Administration Division helped the agency function as efficiently as possible within limited budget resources. The division provided computer and data processing support, purchasing, printing, personnel services, public reception, document receiving and many other vital services.

FPPC Publications Editor Jon Matthews and FPPC Editorial Assistant John Symkowick contributed to this article.



FPPC
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1-866-ASK-FPPC
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Fair Political Practices Commission Organization Chart April 2003

